



# Biotech Daily

Thursday August 5, 2010

*Daily news on ASX-listed biotechnology companies*

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- \* **SOLAGRAN REACHES FOR ITS LAWYERS ON BIOPROSPECT CLAIMS**

## MARKET REPORT

The Australian stock market climbed 5.4 percent on Thursday August 5, 2010 with the S&P ASX 200 up 24.4 points to 4566.5 points.

Thirteen of the Biotech Daily Top 40 stocks were up, 11 fell, eight traded unchanged and eight were untraded.

Tissue Therapies was best, up 1.5 cents or 8.3 percent to 19.5 cents with 511,079 shares traded.

Benitec and Virax climbed more than seven percent; Antisense was up 6.25 percent; Cellmid was up 5.3 percent; Circadian climbed 4.7 percent; Impedimed and Nanosonics were up more than three percent; Living Cell and Mesoblast rose more than two percent; with Biota, Cellestis, CSL and Sirtex up by less than one percent.

Genetic Technologies led the falls, down 0.2 cents or 6.7 percent to 2.8 cents with 650 shares traded, followed by Novogen down 6.25 percent to 15 cents with 176,446 shares traded.

Cathrx lost 5.6 percent; Phosphagenics fell 4.4 percent; Prana was down 3.45 percent; Clinuvel and Viralytics shed more than two percent; with Heartware, Prima and Psivida down more than one percent.

## BIOTECH DAILY EDITORIAL: EMBARGOES

Phylogica and its public relations company Monsoon Communications held a media briefing yesterday in which embargoed copies of the media release on the \$109 million deal with Medimmune were distributed to journalists, but required confidentiality until 1am Australian Eastern Standard time.

Biotech Daily already had confirmation from several independent sources that the “nine figure sum with one of the world's biggest pharma”, as it was described by Monsoon, was Phylogica and probably with Medimmune and declined the embargoed lunch briefing.

Biotech Daily prides itself on its adherence to journalistic ethics and in cases where embargoed information has already made it into the public realm, then our duty is clear: the story must be reported at the first available opportunity.

From a business perspective, the decision is also clear: our readers have a specific interest in the Australian biotechnology industry and deserve to know information that is in the public domain as soon as possible.

The only test that a story in the public realm must pass before we report on it is whether it is important to our readers.

Given the news flow of poor trial results, adverse regulatory decisions and the termination of the development of a number of late stage compounds, Biotech Daily considered the Phylogica story to be of utmost importance to the Australian biotechnology industry.

Biotech Daily does not break embargoes it has agreed to before-hand nor divulge confidential information it receives in conversations with industry participants unless that information becomes public in other ways or there is an overwhelming public interest – in say a hypothetical case of serious malpractice or illegality.

Once information is in the public realm, though, Biotech Daily will report, regardless. To do otherwise is simply to deny reality.

While companies and public relations firms have an important job to do in terms of informing the public of the company's achievements, journalists have a job to do, as well.

Sometimes the needs and desires of these groups will clash.

Biotech Daily hopes that this editorial makes it clear to all groups the decision process it goes through before reporting on a story and what the outcome of those deliberations are likely to be.

Subscribers to Biotech Daily who need advice on difficult matters should always feel free to call the editor for a confidential conversation. It can save a lot of later trouble.

**David Langsam, Editor**  
**Marc Sinatra, Analyst**

## PHYLOGICA

Phylogica has requested a voluntary suspension to follow on from the trading halt requested on August 3, 2010 "whilst the company finalizes formal documentation ... regarding a new research partnership".

Biotech Daily understands the deal with Medimmune for potentially more than \$US99.5 million (\$A108.7 million) has been agreed but the paperwork is awaiting completion.

In a statement released yesterday Phylogica said Astrazeneca's Medimmune would "evaluate Phylogica's Phylomer peptide library for novel antimicrobial peptides".

In particular, the Phylomer library would be screened "to identify drug candidates with potent activity against the gram-negative bacterium, Pseudomonas aeruginosa a common bacterium which, according to Mosby's Medical Dictionary can cause diseases from infections to meningitis.

Phylogica's Phylomers are fragments of proteins suitable for being used as antibodies.

Phylogica said it would receive \$US750,000 (\$A819,324) as an upfront payment and an additional \$US750,000 in committed research funding for an initial 12-month period.

Yesterday, Biotech Daily reported sources saying the upfront payment was "several million dollars".

Phylogica said in the media release that it was eligible to receive milestones payments of up to \$US98 million "in addition to royalties on potential worldwide sales".

The company said it retained the existing rights to its internal program of anti-microbial Phylomer peptides directed against multi-resistant bacteria.

Marc Sinatra's Bioguide Brief will be published when the deal has been completed.

Phylogica last traded at 8.4 cents.

## EASTLAND MEDICAL SYSTEMS

Eastland says the "death of a key director" has led to a request for a voluntary suspension to follow on from the trading halt requested on August 3, 2010.

Eastland did not name the director.

On August 3 Eastland requested a trading halt pending "an announcement concerning a material capital raising".

Eastland last traded at 4.6 cents.

Biotech Daily extends its deepest sympathies to Eastland and the director's family.

## MEDIGARD

Medigard says it has retracted claims that it expects to earn revenues of \$40 million in five years from its blood collection device and range of retractable syringes.

The company repeated the revenue claims in its rights issue announcement last month (BD: Jul 27, 2010).

Medigard said that after discussions with the Australian Securities and Investments Commission it "hereby retracts certain statements relating to the manufacturing and distribution deals potentially delivering up to \$US40 million revenue within five years" made in its ASX announcement of May 26, 2010.

The company said it made the statements "to give its shareholders and the market generally an estimate on the potential revenue that could be generated in the medium term should all of its suite of products be successfully commercially exploited in the US".

Medigard said the statements were not intended to give shareholders or investors statements or inferences in relation to company profitability or return on company shares.

Medigard was untraded at nine cents.

### HELICON GROUP

Helicon expects to raise \$1,868,934 through a fully underwritten three-for-two non-renounceable share rights offer at 1.25 cents a share.

Helicon said it would issue up to 149,514,680 shares in the rights issue.

Helicon said the record date was August 12, 2010, the opening date was August 13 and the closing date was August 27, 2010.

Helicon was up 0.6 cents or 42.9 percent to two cents.

### HEALTHLINX

Healthlinx says its launch of Ovplex in Singapore has been delayed by about a month to early September 2010.

In April, Healthlinx said that it expected to launch the ovarian cancer test in July (BD: Apr 29, 2010).

Today, Healthlinx said Singapore distributor Inex was in discussions with a number of parties that could result in distribution to other related markets and the companies agreed to extend the initial launch date to allow preparations to maximize the launch.

Healthlinx chief executive officer Nick Gatsios said the move might "result in increased revenue for Healthlinx and is another positive step to increasing the availability of our Ovplex ovarian cancer diagnostic to a larger Asian market".

Healthlinx fell 0.6 cents or 6.8 percent to 8.2 cents.

### HALCYGEN PHARMACEUTICALS

Halcygen says it has appointed Dr Stuart Mudge as global regulatory and clinical affairs manager.

Halcygen said Dr Mudge would bring more than 10 years of industry experience in regulatory affairs in European, US and Australasian markets.

The company said Dr Mudge had experience in product development planning, regulatory submission strategy, direct interactions with the major international regulatory authorities, dossier preparation and submission and post approval life-cycle management.

Halcygen was up one cent or 1.7 percent to 59 cents.

### BIOPROSPECT. SOLAGRAN

Solagran has broken its silence over an alleged dispute with Bioprospect to says it disputes Bioprospect's claims and has referred the matter to its lawyers.

Yesterday Bioprospect said Solagran had not responded to a request for a dispute resolution meeting following concerns first raised by Solagran in June (BD: Jun 28, 1010).

Bioprospect said it requested a meeting to inspect Solagran's records to verify Solagran's compliance with a development agreement between the two companies.

Bioprospect was up 0.1 cents or 6.7 percent to 1.6 cents.

Solagran was unchanged at 17.5 cents.